

30.01.087 Security Deposits; Pre-paid Rent

In addition to the protections set forth in the Oregon Landlord Tenant Act (“Act”) and in Sections 30.01.085 and 30.01.086, the following additional Tenant protections regarding Security Deposits apply to Rental Agreements for a Dwelling Unit covered by the Act. For purposes of this Section, unless otherwise defined in this Section or elsewhere in Chapter 30, capitalized terms have the meaning set forth in the Act.

A. Amount of Security Deposit. If a Landlord requires, as a condition of tenancy, pre-payment of last month’s Rent, a Landlord may not collect in addition, more than an amount equal to one-half of a month’s Rent as a Security Deposit. If a Landlord does not require last month’s Rent, a Landlord may not collect more than an amount equal to one month’s Rent as a Security Deposit. If Landlord conditionally approves an application subject to an Applicant’s demonstration of financial capacity or to offset risk factors identified by Applicant screening screening for tenancy as described in Section 30.01.086, a Landlord may require payment of an amount equal to one-half of a month’s Rent as a Security Deposit that is in addition to the other amounts authorized in this subsection. A Landlord must allow a Tenant to pay any such additional security deposit in installments over a period of up to a three-months in installment amounts reasonably requested by the Tenant.

B. Bank Deposit of Tenant Funds.

1. Within two weeks following receipt of Tenant funds paid as a Security Deposit or for pre-payment of last-month’s Rent, a Landlord shall deposit all of such funds into a secure bank account segregated from the Landlord’s personal and business operating accounts. If the account is an interest-bearing account, all interest shall accrue proportionately to the benefit of the Tenant and shall be returned to Tenant with the unused security deposit in accordance with Subsection B.2 below. If the account bears interest, the Landlord is required to pay such interest in full, minus an optional 5% deduction for administrative costs, to the Tenant unless it is used to cover any claims for damage. For interest bearing accounts, the Landlord must provide a receipt of the account and any interest earned at the Tenant’s request, no more than once per year. The Rental Agreement shall reflect the name and address of the financial institution at which the security deposit is deposited and whether the security deposit is held in an interest-bearing account.
2. In accordance with ORS 90.300, the Landlord shall provide the Tenant with a written accounting of the application of any security deposit funds to costs of repair or replacement within thirty days following Landlord’s use of these funds and shall refund unapplied sums to Tenant not later than 31 days following termination of the tenancy.

C. Amounts Withheld for Repair

1. A Landlord may only apply security deposit funds for the repair and replacement of those fixtures, appliances, equipment or personal property that are identified in the Rental Agreement and to which a value is attached in accordance with the depreciation schedule published on the Portland Housing Bureau website. A Landlord may provide documentation reasonably acceptable to Tenant demonstrating why a different calculation is justified for a particular item.
2. A Landlord may apply Security Deposit amounts only to actual costs reasonably incurred to repair the premises to their condition existing at the commencement of the lease ("Commencement Date"); provided however, that a Landlord may not apply any portion of the security deposit to costs incurred for routine maintenance; for ordinary wear and tear; for replacement of appliances or fixtures that failed or sustained damage due to causes other than the Tenant's acts or omissions; or for any cost that is reimbursed by a Landlord's property or comprehensive general liability insurance or by a warranty.
3. Any Landlord-provided fixtures, appliances or equipment, the condition of which a Landlord plans to be covered by the Tenant Security Deposit shall be itemized by description and full replacement cost and incorporated into the Rental Agreement.
4. A Landlord may not apply the Tenant Security Deposit to the cost of cleaning or repair of flooring material except as expressly provided in ORS 90.300(7)(c) and only if additional cleaning or replacement is necessitated by use in excess of ordinary wear and tear and is limited to the costs of cleaning or replacement of the discrete impacted area and not for the other areas of the Dwelling Unit.
5. A Landlord may not apply Security Deposit funds to costs for interior painting of the leased premises, except to repair specific damage caused by the Tenant exceeding ordinary wear and tear, and to repaint walls that were painted by the Tenant without permission.

D. Condition Reports

1. Within seven days following the Commencement Date, a Tenant may complete and submit to the Landlord a condition report on a form provided by the Landlord, noting the condition of all fixtures and equipment listed in the Rental Agreement, the condition of the leased premises, and noting damage (the "Condition Report"). Unless the Landlord disputes the Condition Report, and the Tenant and the Landlord obtain third-party validation of the condition of the Dwelling Unit, Tenant's Condition Report shall establish the baseline condition of the Dwelling Unit as of the Commencement Date against which the Landlord will be required to assess any Dwelling Unit repair or replacement needs identified in a Final Inspection that will result in costs that may be deducted from the tenant Security Deposit as of termination of the Rental Agreement (the "Termination Date"). An unresolved dispute as to the condition of the Dwelling Unit as of the Commencement Date shall be resolved in favor of the Tenant. If the Tenant does not complete and submit a Condition Report to the Landlord within the initial seven days of tenancy, then the Landlord shall thereafter complete and provide to the Tenant a Condition Report including digital photographs of the premises within ten days following the first week of the tenancy. The Landlord shall update the Condition Report to reflect all repairs and replacements impacting the Dwelling Unit during the term of the Rental Agreement and shall provide the updated Condition Report to the Tenant.
2. Within one week following the Termination Date the Landlord shall conduct a walk-through of the Dwelling Unit at the Tenant's option, with the Tenant or Tenant's representative, to document any damage beyond ordinary wear and tear not noted on the Condition Report (the "Final Inspection"). A Tenant, and/or the Tenant's representative, may choose to be present for the Final Inspection. The Landlord must give notice of the date and time of the Final Inspection at least 24 hours in advance to the Tenant.
3. The Landlord shall prepare an itemization describing any repair in accordance with the itemization incorporated into the Rental Agreement. The Landlord shall document any visual damage in excess of normal wear and tear with photographs that the Landlord shall provide to the Tenant with a written accounting in accordance with ORS 90.300 (12). To the extent that a Landlord seeks to charge labor costs greater than \$200 to a Tenant, the Landlord must provide documentation demonstrating that the labor costs are reasonable and consistent with the typical hourly rates in the metropolitan region. A Landlord may not charge for the repair of any damage or replacement of malfunctioning or damaged appliances, fixtures or equipment noted on the Condition Report.

- E.** Contemporaneously with the delivery of the written accounting required by ORS 90.300 (12), the Landlord must also deliver to the Tenant a written notice of rights regarding Security Deposits (“Notice of Rights”). Such Notice of Rights must specify all of Tenant’s right to damages under this Section. The requirement in this Section may be met by delivering a copy of this Section to the Tenant and contact information for the nearest Legal Aid Services of Oregon, or online and physical address of the Oregon State Bar.
- F.** Within five business days of receiving or giving a notice of intent to terminate a tenancy, a Landlord must provide a written accounting to the Tenant of the Tenant’s Rent payment history that covers the longer of the term of the tenancy or the prior two years, as well as a fully completed Rental History Form available on the Portland Housing Bureau website. The Landlord shall also provide the Tenant with a separate accounting of the Security Deposit as soon as practicable but in no event later than within the timeframes prescribed by ORS 90.300.
- G.** A Landlord that fails to comply with any of the requirements of this Section shall be liable to the Tenant for an amount double to the amount of the Tenant’s Security Deposit, reasonable attorney fees, and costs (collectively, “Damages”). Any Tenant aggrieved by a Landlord’s noncompliance with the foregoing has a cause of action in any court of competent jurisdiction for Damages and such other remedies as may be appropriate.